



Water & Wastewater Treatment Equipment

Philippines

Market Overview

The Philippine market for water and wastewater treatment products and equipment is projected to grow 10-15 percent per year over the next three years, from about \$73million in 2004. A rapid rise in population (82 million people at 2.36% growth annually), the Clean Water Act of 2004, and the Philippine Government's Medium-Term Development Plan are the major factors stimulating demand.



Philippine manufacturers currently fabricate only portions of water and wastewater treatment systems, such as mechanical and bar screens, clarifiers, filter presses, decanters and sludge collectors. The Philippines is highly dependent on imported water and wastewater treatment products and equipment.



U.S. Position and Competitors

The United States is a major source of water and wastewater treatment products and equipment to the Philippines. Among the third country competitors of the U.S. are Australia, China, European countries (France, Germany, Italy, United Kingdom), Japan, Korea, Singapore and Taiwan.

Industry sources indicate that U.S.-made equipment is competitive in price and quality with those made in European countries. However, it is more expensive than Japan and other Asian-made equipment with acceptable quality. It was suggested that U.S. suppliers consider fabrication of portions of equipment in the Philippines under licensee or other arrangements to make their products and equipment more price competitive.

Korea, Taiwan and China are expected to become major competitors within five years due to their technical advancements in the environmental equipment industry. An industry source said that air blowers and pumps used in wastewater treatment are mostly sourced from Japan, Taiwan and China.

Best Sales Prospects

- Best sellers include products and equipment used in:
 - Sewerage, septage and combined sewerage-septage projects, including packaged/modular type wastewater treatment equipment
 - Wastewater recycling and waste minimization
 - Treatment of drinking water, e.g. filters, packaged treatment plants, contaminant removals, chlorinators, desalination and disinfection products
- Instrumentation, controls and automation are in high demand.

Commercial Opportunities

- **Metropolitan Waterworks and Sewerage System**

Metropolitan Waterworks and Sewerage System (MWSS) has jurisdiction, supervision and control over the waterworks and sewerage systems in Metro Manila and nearby cities, covering a total service area of 1,949 square kilometers. Short-term projects (2-4 years with foreign assistance) include: (1) Wawa River project that will supply 40 MLD, (2) Angat Water Utilization and Aqueduct Improvement Project to supply 750 MLD, and (3) Treated bulk water supply that could provide anywhere from 400 -700 MLD (under Build-Operate and Transfer model).

- **Manila Water Company**

Manila Water Company (MWC), a concessionaire of MWSS, with more than 5 million customers has an annual capital expenditure program worth Pesos3-4 billion (\$55-73million). In 2005, it bids out design and construction of North and South Septage Treatment Plants and Facilities in Quezon City and Taguig City. These projects are part of the International Bank for Reconstruction and Development/International Development Assistance's (IBRD/IDA) \$64 million Manila Third Sewerage Project.

MWC plans to use the proceeds of its International Public Offering (Pesos3 billion or USD55million) capital expenditures to develop new water sources, rehabilitate and expand water distribution networks, reduce non-revenue water levels, expand sanitation services and adopt a low-cost decentralized sewerage strategy.

- **Philippine Government's Medium-Term Philippine Development Plan 2004-2010 targets:**

- Provide potable water to 200 waterless areas in Metro Manila and 633 areas in municipalities outside Metro Manila
- Ensure all areas that will be provided with water supply services have the corresponding sanitation facilities for proper disposal of wastewater/septage
- Develop technology options for water supply (e.g., solar desalination for isolated islands, windmill technology)
- Improve water quality through close and regular monitoring of 18 priority rivers and reduce the biochemical oxygen demand.

- **Clean Water Act of 2004**

The Clean Water Act was enacted in 2004, with Implementing Rules and Regulations issued in May 2005. Provisions of Clean Water Act that will open commercial opportunities include:

- Preparation of a National Program on Sewerage and Septage Management
- Mandatory connection to sewerage systems of all subdivisions, condominiums, commercial centers, hotels, sports and recreational facilities, hospitals, market places, public buildings and other similar establishments within five years following the enactment of the law
- Wastewater Charge covering all sources of wastewater discharges, including effluent from wastewater treatment plants, sewage treatment plants and discharges from water treatment facilities
- Discharge Permits that will be required from owners or operators of facilities that discharge regulated effluents. As part of the permitting procedure, DENR encourages the adoption of waste minimization and water treatment technologies when such technologies are deemed cost effective.
- Creation of the National Water Quality Management Fund and Area Water Quality Management Fund. The funds can be used to purchase equipment for water quality monitoring, reporting or management.
- Fiscal and non-fiscal incentives to industrial wastewater treatment projects and/or adoption of water pollution control technology, cleaner production and waste minimization.

Market Access

There are no restrictions on the importation of water and wastewater treatment products and equipment. The Philippine government imposes a 5-10 percent duty and 10 percent value-added tax (which is passed through to the buyer) on such products and equipment.

A U.S. supplier interested in the Philippine market should appoint a Philippine distributor and provide technical and marketing support, including brochures and reference materials, product updates and training. Depending on the U.S. company's requirements, its Philippine distributor may only sell equipment or provide other services such as consulting, engineering, design and build, or offer turnkey services – from design to equipment supply to installation and maintenance.

The distributor's usual modes of payment for wastewater treatment equipment are letters of credit and telegraphic transfers.

The usual promotion techniques are sales call to end-users where the distributor's sales/technical staff assesses the end-user's requirements and suggest equipment that will address the end-user's problem; product presentation and seminars to consultants and end-users; advertisements in the yellow pages; and participation in trade shows, conventions and seminars.

Most private entities purchase wastewater treatment equipment using internally generated funds. Government agencies use their budget and proceeds of foreign loans. There are available loan facilities from the Asian Development Bank, Japan Bank for International Cooperation, World Bank and other foreign agencies.

Learn more about how we promote U.S. products and services in the Philippines by visiting our website at

www.BuyUSA.gov/Philippines or by contacting Commercial Attaché Brent Omdahl at

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